

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2100 – SB 1970

March 22, 2011

SUMMARY OF BILL: Deletes carry-forward prohibitions relative to job tax credits issued to qualified business enterprises located in Tier 2 or Tier 3 enhancement counties, job tax credits issued to qualified business enterprises based on capital investments made in Tennessee, and franchise and excise tax credits issued to financial institutions based on contributions to the Tennessee Rural Opportunity Fund (TROF) or the Tennessee Small Business Opportunity Fund (TSBOF).

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$30,380,000/Over Time

Assumptions:

- According to the Department of Revenue (DOR), allowing qualified business enterprises which are located in Tier 2 or Tier 3 counties to carry forward unused job tax credits will result in a decrease in state revenue of approximately \$200,000.
- According to DOR, there is at least one qualified business enterprise that will be able to carry forward approximately \$10,000,000 of unused job tax credits that were issued based on the enterprise's capital investment in Tennessee. DOR indicates that other qualified business enterprises that have made substantial capital investments in Tennessee will also be able to carry forward unused job tax credits. Based on the information provided by DOR, the total decrease in state revenue relative to these taxpayers will be approximately \$30,000,000.
- According to DOR, allowing financial institutions to carry forward unused franchise and excise tax credits, which were based on contributions to the TROF or the TSBOF, will result in a decrease in state revenue of approximately \$180,000.
- The Fiscal Review Committee staff does not have access to the data and information upon which these estimates are based and cannot independently verify the accuracy of this information.
- Given these taxpayers will be authorized to utilize unused tax credits for an unknown additional period of time, the estimated decrease in state revenue is classified as a decrease that will occur over time.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc